Government of Saskatchewan

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Weekly Hog Report

September 2, 2014

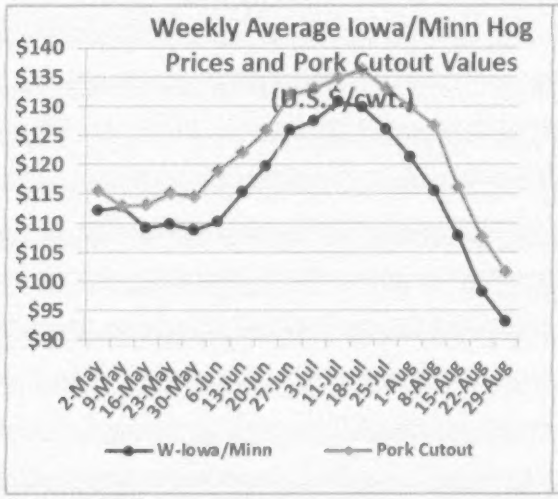
Cash Slaughter Weight Hog Prices

United States daily average cash hog prices (Iowa/Minn) continued to move lower last week, had a nice rebound on Friday, but still ended lower week-over-week. Hog prices on Friday averaged US$92.59 per cwt, down US$2.60 per cwt or 2.7 per cent from US$95.19 per cwt the previous Friday. The negotiated base price for the week averaged US$92.95 per cwt, down US$5.27 per cwt or 5.4 per cent from US$98.22 per cwt the previous week. Hog prices continued lower on seasonal weakness and lower pork cutout values.

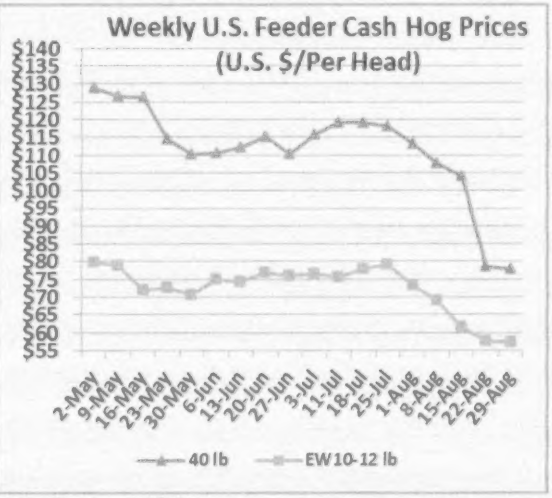
In Canada, the Signature#3 (Maple Leaf) Index 100 daily price for Friday August 29, 2014 was $180.10 per ckg, down $12.17 per ckg or 6.3 per cent from $192.27 per ckg the previous Friday. Signature#3 weekly prices (Friday to Thursday) averaged $186.43 per ckg, down $12.60 per ckg or 6.3 per cent from the previous weeks' average price of $199.03 per ckg. The Canadian dollar closed Friday at 91.97 cents, up 0.60 cents from the previous Friday close of 91.37 cents.

Cash Feeder Hog Prices

North American (Iowa) iso-wean (10-12lb) cash hog prices and feeder (40lb) cash hog prices edged lower last week on seasonal weakness. Last week weighted average cash prices for iso-weans (12lb) were US$57.37 per head, down slightly (US$0.12 per head) from US$57.49 per head the previous week. Feeders (40lb) were US$77.70 per head, down US$0.89 per head from US$78.59 per head the previous week.



Source: LMIC

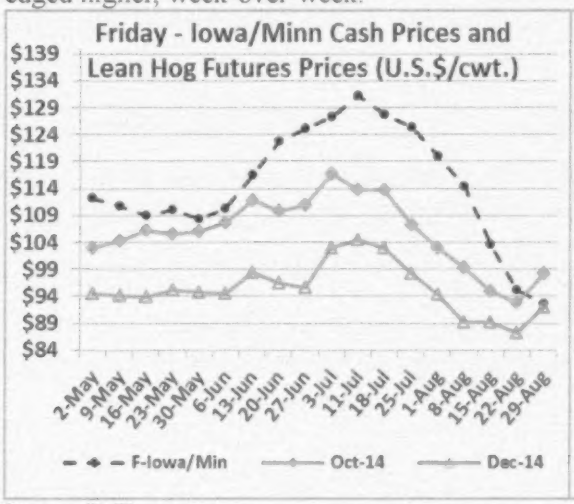


Source: LMIC

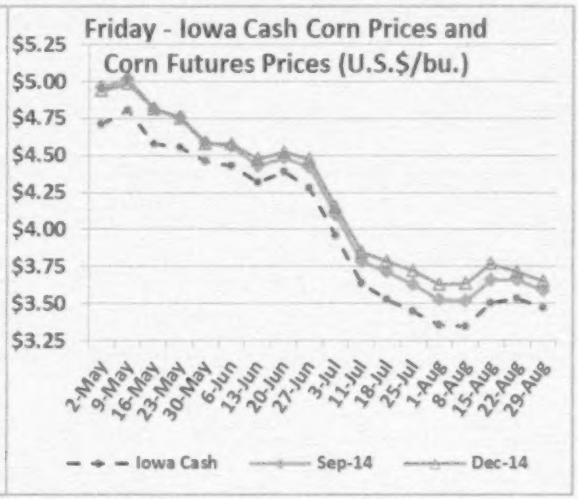
Futures Markets

While cash hog prices continued lower last week lean hog futures prices rebounded strongly, after declining significantly (October US$20 per cwt) over the previous six weeks. The October contract increased US5.025 per cwt to settle Friday at US$98.125 per cwt, while the December contract increased US$4.850 per cwt to settle Friday at US$92.000 per cwt. Futures were likely due for a rebound after declining significantly over the last six weeks. The market still has concerns around the PED virus in North American and the uncertainty around future hog supplies and potential new PED cases.

Agriculture commodity futures markets were mixed from the previous week with nearby corn, wheat, and soybean futures prices lower, while crude oil and gold futures prices edged higher, week-over-week.



Source: CME



Source: CME

Iowa cash corn prices moved lower over the week decreasing 6 cents per bushel to end Friday at US$3.47 per bushel. The September corn futures contract was down over 6 cents to settle Friday at US$3.59 per bushel, while the December corn futures contract was down over 6 cents to settle Friday at $3.64¾ per bushel. The prospect of another good U.S. corn crop has kept U.S. corn prices well below year-ago prices.

Hogs Slaughtered

U.S. hogs slaughtered under federal inspection last week ending August 30 were estimated at 1.979 million head, down 0.6 per cent from 1.991 million head the previous week, and down 10.4 per cent from 2.208 million head from the same week a year ago. U.S. hogs slaughtered over the last four weeks ending August 30 averaged 1.976 million head, down 8.3 per cent from 2.155 million head the same four week period a year ago.

In Canada, federal and provincial hog slaughter numbers for the week ending August 23, 2014 were estimated at 405,019 head, up 1.7 per cent from 398,375 head the previous week, but down 0.4 per cent from 406,788 head the same week a year ago. Canadian hogs slaughtered over the last four weeks ending August 23 were estimated to average 386,986 head, up 0.4 per cent from 385,542 head over the same period a year ago. Year-to-date, hogs slaughtered in Canada have totaled 13.360 million head, down 0.3 per cent from the same period a year ago.

Meat Production

U.S. pork production for week ending August 30 was estimated at 421.3 million lb., down 0.6 per cent from 424.0 million lb. the previous week, and down 5.9 per cent from 447.9 million lb. the same week a year ago. Pork production over the last four weeks ending August 30 was estimated to average 421.0 million lb., down 3.8 per cent from 437.6 million lb. over the same four week period a year ago. The dressed weight continues to be about 10 lb. or 4.9 per cent heavier than the same week a year ago.

U.S. beef production for the week ending August 30 was estimated at 473.5 million lb., down 0.7 per cent from 477.0 million lb. the previous week, and down 6.1 per cent from 504.2 million lb. over the same week a year ago.

Combined production of U.S. beef, pork, chicken and turkey over the four weeks ending August 23, 2014, was estimated at 1.946 billion lb., down 1.3 per cent from 1.972 billion lb. over the same four weeks a year ago, and down 1.9 per cent year-to-date.

United States Weekly Meat Production

(Aug. 23) Four Week Average - Million Lb.			Percent Change	
	2013	2014	4wk. 2014	YTD 2014
Pork	428.5	415.1	-3.1%	-0.6%
Beef	500.5	465.9	-6.9%	-5.6%
Chicken	910.8	929.0	2.0%	-0.2%
Turkey	132.3	136.2	2.9%	-3.9%
Total	**1,972.1**	**1,946.1**	**-1.32%**	**-1.90%**

Source: LMIC

Cutout Values

While U.S. pork cutout values had a few positive days last week, prices continued to trend lower. The U.S. pork cutout values for the week ending August 30, 2014 averaged US$101.67 per cwt, down US$5.87 per cwt or 5.5 per cent from US$107.54 per cwt from the previous week, but up 4.3 per cent from US$97.52 per cwt the same week a year ago.

Average beef cutout values (Choice 600-900 lb.) for the week ending August 30 averaged US$247.75 per cwt, down U$4.21 per cwt or 1.7 per cent from the average price of US$251.96 per cwt from the previous week, but up 26.5 per cent from US$195.91 per cwt the same week a year ago.

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